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WASHINGTON

DATE: 15 DEC 78

FOR ACTION: JIM MCINTYRE

FRAN VOORDE

PHIL WISE

INFO ONLY: ZBIG BRZEZINSKI

SUBJECT: JOHN GRONOUSKI (BOARD FOR INTERNATIONAL BROADCASTING)

LETTER RE REDUCTIONS PROPOSED BY OMB; REQUEST FOR APPT

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 18 DEC 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

12/18 = 3 pm

OMB should handle

Ready 12/19
No need to go to
Pres; Met with
regional, cc 7
in the house

- attached
NO

Bill - make sure
Fran has told
Gronouski
about this

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION

ADMIN CONFIDENTIAL

CONFIDENTIAL

SECRET

EYES ONLY

ACTION

FYI

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE



BOARD FOR INTERNATIONAL BROADCASTING

United States of America

Suite 430

1030 Fifteenth Street, N.W.

Washington, DC 20005

202/254-8040

December 14, 1978

The President
The White House
Washington, D. C. 20500

Dear Mr. President:

I am writing you to appeal reductions proposed by the Office of Management and Budget in the Fiscal Year 1980 request for the Board for International Broadcasting and its grants to Radio Free Europe/Radio Liberty.

Since 1973, more than 600 positions have been cut from the RFE/RL staff, together with other substantial economies. For FY 1980, the B.I.B. submitted, after four painstaking reviews of RFE/RL requests totaling more than \$84,000,000, a drastically pared request for \$78,807,000.

The International Division of OMB cut this austerity budget still further by proposing reductions of more than \$2,700,000. Following my letter of November 16 to Director McIntyre (enclosed), two items totaling \$851,000 were restored.

I am appealing to you, Mr. President, to restore an additional \$745,500. I would not take this step were I not convinced that this small amount is crucial to the effective conduct of our mission.

Enclosed is a detailed breakdown in support of our appeal. It represents only items which rectify miscalculations or unilateral policy judgments on the part of the International Division.

I feel that my assessment of the impact of these cuts can best be conveyed to you orally, and therefore hereby request an appointment to discuss this appeal with you.

Respectfully yours,

John A. Gronouski
John A. Gronouski
Chairman

Enclosures

ANALYSIS OF B.I.B. FY 1980 APPEAL*

1. For RFE/RL operations (\$699,000):

a) \$346,000 representing OMB double-counting of savings to be achieved in FY 1980 by staff reductions (10 positions) at the end of FY 1978. These savings (as well as those to be achieved by reductions of an additional 20 positions) had already been incorporated in our projections.

b) \$160,000 for acquisition of the Associated Press service, already funded for the Voice of America. (AP was not available to U.S. Government broadcasters until 1977.) Denial of this service, with its bureaus in Moscow and Eastern Europe, to RFE/RL would severely handicap its news and program operations.

c) \$38,000 for a second American assistant manager of the Radio Liberty Russian service -- absolutely essential to assure policy control of more than 500,000 words of daily broadcasts (the word equivalent of four full-sized books).

d) \$155,000 of the \$455,000 (13.3%) proposed reduction in Miscellaneous Fees and Professional Services -- the portion required to keep RFE/RL free-lance fees competitive with those of the VOA, BBC and other international broadcasters.

2. For B.I.B. oversight activities (\$46,500):

(Overall, the International Division has proposed a level 5 per cent below the FY 1979 appropriation -- despite Federal pay increases, other inflationary increases, and dollar devaluation in Germany which, for the Board, is not compensated by the currency-fluctuation reserve funds available to RFE/RL. The appeal is for restoration only of two essential items without which B.I.B. oversight would be severely hampered.)

a) \$33,500 for restoration of the 10th position on Board staff -- unilaterally cut by OMB. Because the highly specialized Board staff is responsible for day-to-day program, policy and budgetary oversight of RFE/RL operations, the Board considers reduction of the ceiling to be most unwise as well as totally without warrant in Administration policy or Congressional mandate. The reduction would leave four professional officers without clerical support.

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b) \$10,000 for participation by the Presidentially appointed Board members in oversight activities (to an average of 72 days a year) during a fiscal year that will include the WARC shortwave frequency conference, the Madrid CSCE review conference and the 1980 Olympic games, all of which involve critical issues for RFE/RL.

(These two items involve an additional \$3,000 in related benefits.)



BOARD FOR INTERNATIONAL BROADCASTING

United States of America

Suite 430

1030 Fifteenth Street, N.W.

Washington, DC 20005

202/254-8040

November 16, 1978

Mr. James T. McIntyre, Jr.
Director
Office of Management and Budget
Old Executive Office Building
Washington, D. C. 20503

Dear Director McIntyre:

On behalf of the Presidentially-appointed members of the Board for International Broadcasting, as well as the management of Radio Free Europe/Radio Liberty, I am writing you to appeal the reductions proposed in the FY 1980 budget request for the Board and RFE/RL. Although we fully support the President's determination to achieve economy in government -- and, we believe, have demonstrated such support by our actions in oversight of RFE/RL spending -- we consider most of the proposed reductions to be either highly unwise, reflective of policy judgments made unilaterally by OMB, discriminatory, or in at least one important case the product of an elementary error in calculation.

Before discussing the particulars, may I recall briefly the Board's record in achieving economy and efficiency at RFE/RL in the face of drastic dollar devaluation and continuous inflation. Between June 30, 1973 and June 30, 1978, RFE/RL staff was reduced from 2,368 employees to fewer than 1,770; separate headquarters and field bureaus were consolidated, with savings of over a million dollars; pension plans and other employee benefits were rationalized and modernized; upon completion in 1981 of the present Administration program for modernization of U.S. international broadcast facilities, RFE/RL transmitter power will have been doubled.

In the past year and a half, tight financial controls have been instituted, as duly recognized by the Congress. With the cooperation of OMB and strong support in the Congress, an FY 1978 supplemental was enacted which cleared the books of all prior liabilities and has placed RFE/RL finances on a sound current footing.

With the Board's and my own personal participation, the position of chief executive officer of RFE/RL was filled last August by a highly qualified manager, Dr. Glenn W. Ferguson, who is personally committed to conduct RFE/RL operations on an even more businesslike basis. His first significant act upon assuming his duties was to develop a 25-month program of staff rejuvenation, under which disabled, unfit or inefficient personnel are being encouraged to retire in favor of younger people, fresh from the U.S.S.R. and Eastern Europe, and the overall personnel ceiling is to be reduced from 1,768 to 1,738 (September 30, 1980). We appreciate OMB's cooperation in permitting us to reprogram \$532,000 from the FY 1978 supplemental in order to achieve the reduction of 10 such positions; we are therefore all the more perplexed by the denial in the FY 1980 request of \$654,000 to achieve 12 further terminations.

In full cognizance of the President's determination to reduce the Federal deficit in FY 1980, and our own determination to contribute to the largest extent possible to this effort, the Board this summer took extraordinary pains to evaluate and, wherever possible, reduce the RFE/RL request. As your staff is aware, last August this Board rejected the original management submission, amounting to more than \$84,000,000, and requested a delay in our own submission to OMB while we conducted two further hearings (the latter with new input from Dr. Ferguson) in our effort to eliminate non-essentials while at the same time to maintain program quality in the 22 broadcast languages. We believe that the President's \$15-million transmitter program for RFE/RL, which is currently in process of implementation, would be vitiated or negated if program quality were to deteriorate as the result of ill-conceived economies.

The request this Board finally approved, after very careful consideration, already represents a tight operational budget, reflective of both recent economies and planned future economies. When capital and other non-recurring costs are excluded from both years, our FY 1980 request for \$78,807,000 represents an increase of less than 6 per cent over the FY 1979 appropriation, despite extreme inflation in Portugal and Spain as well as more moderate inflation in the U.S. and Germany. The total request,

exclusive of currency-fluctuation reserve funds, would actually represent a decrease of \$4,193,000 from the FY 1979 appropriation.

An additional reduction of \$2,700,000 is now proposed, imposing further austerity on the austerity already achieved or built into this request. The composition of the proposed additional reductions for RFE/RL is disquieting both in the technical and political sense. Specifically:

* A saving of \$346,000 has been proposed by reduction of the 10 terminated positions funded in the FY 1978 supplemental. This is an error of calculation. As the object class analysis and other sections of our request make clear, this reduction by 10 positions -- and, indeed, a further reduction of 20 positions -- had already been incorporated in our projections, which show personnel levels for year-end 1978, 1979 and 1980 at 1,768, 1,758 and 1,738.

* At the same time, as already indicated above, the one-time non-recurring funds (\$654,000) required to complete this program of staff reduction and rejuvenation in FY 1980 have been denied. Denial of this request would greatly reduce the capability of RFE/RL management to weed out disabled or inefficient personnel, and therefore decelerate our effort to create a vigorous, effective broadcasting staff with a preponderance of new, young people.

* Miscellaneous Fees and Professional Services have been cut by \$455,000 -- a reduction of 13.3 per cent -- by basing FY 1979 and FY 1980 levels on the emergency level of FY 1978, when drastic restrictions in this area were necessitated by the 10-month delay in obtaining enactment of the FY 1978 supplemental. (FY 1978 actual in this object class was, despite inflation, \$110,000 below the FY 1977 level.) The severe reduction made for FY 1980 would effectively negate the increase in free-lance fees already approved in the FY 1979 budget, an increase essential to the maintenance of minimal program quality and to keep RFE/RL competitive with VOA, BBC, Deutsche Welle and other international broadcasters.

* \$160,000 in funds for the acquisition of the Associated Press service, unavailable to U.S. Government broadcasters until 1977, have been denied although Voice of America acquisition of AP has already been funded. In view of the programmatic importance of this leading international news service, with its bureaus in Moscow and elsewhere in Eastern Europe, we consider its denial to RFE/RL would be plainly discriminatory, and in derogation of the Administration's commitment to complementary and equal roles for both U.S. international broadcast efforts.

* Although we are convinced that the Administration shares our view and that of the Congress that expert American supervision is the key not only to program quality and policy compliance at RFE/RL, but also to staff efficiency and to the Board's own oversight role, several packages aiming to achieve such expert supervision (always in the context of overall staff reduction) have been rejected. These packages include \$38,000 to provide a second assistant manager in the Russian service (required to help supervise and edit production of more than 500,000 words daily -- equivalent to four books -- 365 days a year); \$114,000 to restore the 1973 level of six senior, linguistically qualified American research analysts of the six East European Warsaw Pact nations; and \$76,000 to provide Western-trained specialists in Soviet law and economic analysis, to assure expert evaluation of human-rights developments and Soviet resource allocations.

* Despite the Administration commitment to greater knowledge of and contact with the non-Russian nationalities of the U.S.S.R., a program to which RFE/RL has a unique capacity to contribute, our single modest request in this area -- \$35,000 for one additional programmer in the Uzbek service -- has been denied. Reflecting the language priorities determined in consultation with State and NSC, Uzbek programming has been increased from 18 to 30 minutes daily; an additional person is required to meet all year-round shifts.

* In disregard of the \$15 million transmitter modernization program funded in FY 1978 and FY 1979, and scheduled for completion between the summer of 1980 and the spring of 1981, the entire Level-2 technical capital request for \$307,000 has been denied -- although \$197,000 of this request is integrally associated with the transmitter modernization program, consisting of replacement of antiquated master-control and transmitter-site equipment.

* Although the Administration and the Congress have expressed strong support for rejuvenation of RFE/RL language staff, the modest travel funds (\$66,000) requested for recruitment efforts have been denied.

I believe that these particulars should make it clear that the Board's requests for RFE/RL operations, reflecting careful deliberations on our part over several months, were well founded and have been reduced without comparable reflectiveness. May I now turn to what I can only term the cavalier treatment of our requests for the operation of the B.I.B. itself.

This Board has been entrusted by law with fundamental responsibilities to oversee the operations of a Radio network with over 30 million listeners, and a large multinational staff in four countries. The President has appointed us, and the Senate confirmed us, with the duties not only of assuring that Radio operations be efficient and economical but of maintaining high quality programs, not inconsistent with U.S. foreign policy, in 22 languages. These are sensitive and complex tasks, but we believe that there is full recognition in the responsible committees of the Congress, in the Department of State and our missions in Eastern Europe and the U.S.S.R., and in the National Security Council of both the importance and the delicacy of the Board's role. We regret to say that, in contrast, we have not found comparable understanding of the Board's role among some of the personnel of the International Division. (May we note, in passing, that the division opposed both phases of our transmitter modernization as well as a modest increase in Board staff, and was over-ruled by the President on all three occasions.)

For the Board itself, the division proposes a series of arbitrary cuts which together represent a 5 per cent

reduction in FY 1980 below the appropriated FY 1979 level despite Federal pay increases, inflationary increases in other categories, dollar devaluation (not compensated by the currency-reserve funds available to RFE/RL), and the recent transfer of RFE/RL management entirely from Washington to Munich (which requires increased, rather than decreased, oversight costs for our five Board members and professional staff).

The most arbitrary of these cuts (which also reflects inaccurate calculations) is the proposed reduction of the Board personnel ceiling from 10 to 9 full-time positions. In this connection, I would like to recall a private discussion I had with the chief of the international division shortly after being confirmed in this office in July 1977. I made a commitment to Mr. Sanders on that occasion that, as a newcomer with an open mind, I would undertake a thorough analysis of staff requirements and, as necessary, would propose additions, reductions or reorganizations. In the course of a year, I did indeed undertake such an analysis and concluded that, while in view of the President's efforts at controlling expenditures additional staff was not feasible, a reorganization was in order -- shifting the emphasis among staff in the direction of more intensive program analysis. I therefore recommended to the full Board, at our Munich meeting last June, that the staff of 10 consist of an executive director, three program specialists, two financial/administrative specialists, the director of engineering, and three employees to provide these seven substantive specialists with clerical and administrative support. My recommendations were unanimously approved by the full Board, and in the course of the summer the reorganization began. The 10th position, now in question, has in fact been filled at the GS-4 level; we therefore fail totally to understand the calculation by your staff of a \$33,500 saving through elimination of this position.

May I also respectfully suggest that it is the prerogative of Presidential appointees, entrusted with a complex and sensitive oversight mission, to determine the levels of their own participation required to fulfill that mission, whether in terms of overall man-hours or more specifically in visits necessary to the RFE/RL plants in Germany, Spain and Portugal. We consider unwarranted the

reduction of Board member participation from 72 to 62 days a year -- especially for a fiscal year that will include the 1980 Olympics, the WARC frequency conference and the Madrid CSCE conference, at all of which the very future of RFE/RL will be a vital issue. Similarly, we consider it a dereliction of our oversight duties to reduce overseas travel from two trips annually per Board member and professional staff officer, to one a year for staff and a total of seven for the five Board members. (It should be noted in this context that the statutory terms of two Board members expire next spring, and that orientation visits to RFE/RL installations for new members may well be necessary in FY 1980.) We consider that OMB is attempting to make unilateral policy judgments in its unjustifiable reductions of Board member and staff participation in the WARC frequency conference in Geneva.

We therefore appeal for the restoration of \$82,500 requested for B.I.B. operations in the following categories: 10th position, \$33,500; Board member participation \$10,000; consultant activity, \$9,000; associated personnel benefits in the above three categories, \$4,000; and travel including WARC participation, \$26,000.

In addition, we believe that you should reconsider our request for \$100,000 to help fund a technical study, in cooperation with ICA (which has also requested funds for this purpose), of the feasibility of installing "super-power" broadcast transmitters in the United States should VOA or RFE/RL be compelled in future to give up essential overseas relay stations. The study would be contracted to the Institute of Telecommunication Science in the Commerce Department. As your staff is aware, such a study was requested at the FY 1979 authorization hearings by the Chairman of the Subcommittee on International Operations, House International Relations Committee. Our Board agrees that common prudence would commend the U.S. Government to conduct such a feasibility study in the near future.

I would not be mindful of the responsibilities conferred on me by the President and Congress if I failed vigorously to protest, in every available forum, the arbitrary and

injudicious reductions proposed for the oversight and operations of RFE/RL -- reductions which, in the unanimous view of our Board, would impair program quality and sap effective supervision of an important instrument of U.S. foreign policy.

Respectfully yours,

15/

John A. Gronouski
Chairman

WASHINGTON

DATE: 15 DEC 78

FOR ACTION: JIM MCINTYRE

FRAN VOORDE

PHIL WISE

INFO ONLY: ZBIG BRZEZINSKI

SUBJECT: JOHN GRONOUSKI (BOARD FOR INTERNATIONAL BROADCASTING)
LETTER RE REDUCTIONS PROPOSED BY OMB; REQUEST FOR APPT

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 18 DEC 78 +
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ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. (X) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*This is McIntyre call
He should handle it
Phil*



BOARD FOR INTERNATIONAL BROADCASTING

United States of America

Suite 430

1030 Fifteenth Street, N.W.

Washington, DC 20005

202/254-8040

December 14, 1978

The President
The White House
Washington, D. C. 20500

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* Although the Administration and the Congress have expressed strong support for rejuvenation of RFE/RL language staff, the modest travel funds (\$66,000) requested for recruitment efforts have been denied.

I believe that these particulars should make it clear that the Board's requests for RFE/RL operations, reflecting careful deliberations on our part over several months, were well founded and have been reduced without comparable reflectiveness. May I now turn to what I can only term the cavalier treatment of our requests for the operation of the B.I.B. itself.

This Board has been entrusted by law with fundamental responsibilities to oversee the operations of a Radio network with over 30 million listeners, and a large multinational staff in four countries. The President has appointed us, and the Senate confirmed us, with the duties not only of assuring that Radio operations be efficient and economical but of maintaining high quality programs, not inconsistent with U.S. foreign policy, in 22 languages. These are sensitive and complex tasks, but we believe that there is full recognition in the responsible committees of the Congress, in the Department of State and our missions in Eastern Europe and the U.S.S.R., and in the National Security Council of both the importance and the delicacy of the Board's role. We regret to say that, in contrast, we have not found comparable understanding of the Board's role among some of the personnel of the International Division. (May we note, in passing, that the division opposed both phases of our transmitter modernization as well as a modest increase in Board staff, and was over-ruled by the President on all three occasions.)

For the Board itself, the division proposes a series of arbitrary cuts which together represent a 5 per cent

reduction in FY 1980 below the appropriated FY 1979 level despite Federal pay increases, inflationary increases in other categories, dollar devaluation (not compensated by the currency-reserve funds available to RFE/RL), and the recent transfer of RFE/RL management entirely from Washington to Munich (which requires increased, rather than decreased, oversight costs for our five Board members and professional staff).

The most arbitrary of these cuts (which also reflects inaccurate calculations) is the proposed reduction of the Board personnel ceiling from 10 to 9 full-time positions. In this connection, I would like to recall a private discussion I had with the chief of the international division shortly after being confirmed in this office in July 1977. I made a commitment to Mr. Sanders on that occasion that, as a newcomer with an open mind, I would undertake a thorough analysis of staff requirements and, as necessary, would propose additions, reductions or reorganizations. In the course of a year, I did indeed undertake such an analysis and concluded that, while in view of the President's efforts at controlling expenditures additional staff was not feasible, a reorganization was in order -- shifting the emphasis among staff in the direction of more intensive program analysis. I therefore recommended to the full Board, at our Munich meeting last June, that the staff of 10 consist of an executive director, three program specialists, two financial/administrative specialists, the director of engineering, and three employees to provide these seven substantive specialists with clerical and administrative support. My recommendations were unanimously approved by the full Board, and in the course of the summer the reorganization began. The 10th position, now in question, has in fact been filled at the GS-4 level; we therefore fail totally to understand the calculation by your staff of a \$33,500 saving through elimination of this position.

May I also respectfully suggest that it is the prerogative of Presidential appointees, entrusted with a complex and sensitive oversight mission, to determine the levels of their own participation required to fulfill that mission, whether in terms of overall man-hours or more specifically in visits necessary to the RFE/RL plants in Germany, Spain and Portugal. We consider unwarranted the

reduction of Board member participation from 72 to 62 days a year -- especially for a fiscal year that will include the 1980 Olympics, the WARC frequency conference and the Madrid CSCE conference, at all of which the very future of RFE/RL will be a vital issue. Similarly, we consider it a dereliction of our oversight duties to reduce overseas travel from two trips annually per Board member and professional staff officer, to one a year for staff and a total of seven for the five Board members. (It should be noted in this context that the statutory terms of two Board members expire next spring, and that orientation visits to RFE/RL installations for new members may well be necessary in FY 1980.) We consider that OMB is attempting to make unilateral policy judgments in its unjustifiable reductions of Board member and staff participation in the WARC frequency conference in Geneva.

We therefore appeal for the restoration of \$82,500 requested for B.I.B. operations in the following categories: 10th position, \$33,500; Board member participation \$10,000; consultant activity, \$9,000; associated personnel benefits in the above three categories, \$4,000; and travel including WARC participation, \$26,000.

In addition, we believe that you should reconsider our request for \$100,000 to help fund a technical study, in cooperation with ICA (which has also requested funds for this purpose), of the feasibility of installing "super-power" broadcast transmitters in the United States should VOA or RFE/RL be compelled in future to give up essential overseas relay stations. The study would be contracted to the Institute of Telecommunication Science in the Commerce Department. As your staff is aware, such a study was requested at the FY 1979 authorization hearings by the Chairman of the Subcommittee on International Operations, House International Relations Committee. Our Board agrees that common prudence would commend the U.S. Government to conduct such a feasibility study in the near future.

I would not be mindful of the responsibilities conferred on me by the President and Congress if I failed vigorously to protest, in every available forum, the arbitrary and

injudicious reductions proposed for the oversight and operations of RFE/RL -- reductions which, in the unanimous view of our Board, would impair program quality and sap effective supervision of an important instrument of U.S. foreign policy.

Respectfully yours,

JS/

John A. Gronouski
Chairman

WASHINGTON

DATE: 15 DEC 78

FOR ACTION: JIM MCINTYRE

FRAN VOORDE

PHIL WISE

INFO ONLY: ZBIG BRZEZINSKI

SUBJECT: JOHN GRONOUSKI (BOARD FOR INTERNATIONAL BROADCASTING)

LETTER RE REDUCTIONS PROPOSED BY OMB; REQUEST FOR APPT

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 18 DEC 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

*appropriate staff will
have to handle.
President's schedule is
overcommitted.*

fran